

Message Text

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10

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 OMB-01 /079 W

----- 101598

R 070450Z FEB 76

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3866

INFO AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

C O N F I S E N T I A L ABU DHABI 0299

E.O. 11652: GDS

TAGS: ETRD TC

SUBJ: IMPACT OF ANTI-BOYCOTT MEASURES

SUMMARY: DISCUSSIONS WITH U.S. BUSINESSMEN APPEAR TO INDICATE THAT, AT LEAST FOR PRESENT, THERE IS SOME FLEXIBILITY ON PART OF UAE OFFICIALS IN APPLICATION OF BOYCOTT PROVISIONS. GENERALLY, HOWEVER, U.S. BUSINESSMEN RATHER PESSIMISTIC ABOUT LONG-TERM EFFECTS OF RECENT USG ACTIONS. END SUMMARY.

1. IN BOTH GROUP AND INDIVIDUAL DISCUSSIONS WITH U.S. BUSINESS COMMUNITY HERE, RECENT U.S. ANTI-BOYCOTT ACTIONS AND THEIR IMPACT HAVE BEEN TOP PRIORITY ITEM. WHILE MUCH OF THE SUBSTANCE HAS BEEN PREDICTABLE, FOLLOWING POINT ARE OF PARTICULAR INTEREST.

2. BECHTEL REP IN ABU DHABI HAS SAID THAT AS MATTER OF
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COMPANY POLICY, MEGATIVE CERTIFICATION WILL NO LONGER BE

SUBMITTED TO CUSTOMS AUTHORITIES IN ORDER CLEAR U.S.- SOURCED IMPORTS. HOWEVER, WHEN COMPANY ATTEMPTED TO GET POSITIVE CERTIFICATE OF ORIGIN AUTHENTICATED BY ARAB CONSULATES IN U.S., THEY MET WITH LACK OF SUCCESS. ON OWN INITIATIVE, LOCAL BECHTEL REP BROUGHT IN 1,500 TON SHIPMENT WITHOUT ARAB AUTHENTICATION AND WAS ABLE CLEAR GOODS THROUGH ABU DHABI CUSTOMS. NO QUESTIONS WERE ASKED DESPITE FACT THAT AUTHENTICATIONS HAVE BEEN PRESENTED FOR ALL PREVIOUS SHIPMENTS. BECHTEL REP DID STATE, HOWEVER, THAT IF SHIPMENT HAD BEEN ANY LARGER, HE WAS NOT SURE RESULT WOULD HAVE BEEN SAME. LARGER SHIPMENT IS DUE LATE THIS MONTH AND MAY PROVIDE TEST. IN MEANTIME BECHTEL IS VERY MUCH RELIEVED THAT MOST OF MATERIALS FOR LNG PLANT ALREADY IN COUNTRY.

3. LOCAL BRANCHES OF U.S. BANKS HERE HAVE ADOPTED DIFFERENT CORPORATE POLICIES IN FACE OF ANTI-BOYCOTT MOVES. FIRST NATIONAL OF CHICAGO, RESPONDING TO STATE OF ILLINOIS LEGISLATION, WILL NO LONGER OPEN LETTER OF CREDIT FOR LOCAL IMPORTER WITH U.S. EXPORTER AS BENEFICIARY IF NEGATIVE BOYCOTT LANGUAGE TO BE INCLUDED. FNCB HOWEVER CONTINUES TO OPEN L/C, BUT IS AWAITING FURTHER POLICY GUIDANCE FROM NEW YORK. LOCAL OFFICERS OF BOTH BANKS BELIEVE LETTER OF CLARIFICATION FROM FED TO MEMBER BANKS WILL BE HELPFUL.

4. BANKS IN U.S. HAVE BEGUN REFUSE TO ACCEPT L/C WITH BOYCOTT LANGUAGE. LARGEST TRANSACTION SO FAR AFFECTED WAS \$560,000 SALE OF PREFABRICATED HOTEL TO GOVERNMENT OF FUJIRAH BY PANELFAB, INC. OF FLORIDA. BANK OF AMERICAN INTERNATIONAL IN MIAMI WOULD NOT ACCEPT ORIGINAL L/C. LOCAL BANK AGREED TO SECOND L/C WITH POSITIVE CERTIFICATE OF ORIGIN WHEN DUBAI CUSTOMS OFFICIALS GAVE ASSURANCES THAT SINCE SHIPMENT WAS FOR RULER, IT WOULD BE CLEARED NO MATTER WHAT THE LANGUAGE. IT IS QUESTIONABLE THAT SUCH EXEMPTIONS WOULD BE MADE FOR THE PRIVATE SECTOR IMPORTER.

5. WHILE THERE MAY BE SOME GIVE IN CERTAIN GOVERNMENT DEPARTMENTS ON QUESTION BOYCOTT LANGUAGE (PARTICULARLY WHEN GOODS ARE URGENTLY NEEDED) THIS IS NOT LIKELY BECOME CONFIDENTIAL

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PRINTER THROUGHOUT GOVERNMENT. FOR EXAMPLE, SHORTLY AFTER BECHTEL TOLD US INSTANCE OF FLEXIBILITY ON THEIR SHIPMENT, HIGH-LEVEL POLICE OFFICIAL VISITED COMMERCIAL SECTION WANTING TO KNOW IF FIRESTONE CO. OWNED BY JEWS. POLICE HAD NOTICED COMPANY'S Tires BEING DISTRIBUTED IN ABU DHABI AND WERE CHECKING TO ENSURE "THAT OUR PEOPLE ARE DOING A GOOD JOB" ON BOYCOTT IMPLEMENTATION.
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